

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-10 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05
SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
OMB-01 /099 R

DRAFTED BY EB/OT/TA:JCUNNINGHAM:PRM
APPROVED BY EB/OT/TA:DJDUNFORD
EB/OT/TA:DDUNFORD
TREAS:EBARBER
COMMERCE:ELESLIE (SUBS)
STR:JSTARKEY
AF/S:WEATON
EB/OF:FPILLMAN
AGRIC:GWHITE
TREAS:SVANBATENBURG (SUBS.)
-----141856Z 003018 /62

R 131836Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY PRETORIA
INFO AMCONSUL CAPE TOWN
AMCONSUL JOHANNESBURG
USMISSION GENEVA
USDEL MTN GENEVA

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CAPE TOWN FOR EMBASSY

E.O. 11652: N/A

TAGS:EFIN, SF

SUBJECT: SOUTH AFRICA IMPORT SURCHARGE ON RICE
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REF: PRETORIA 1611

1. REPRESENTATIVES OF UNCLE BEN'S RICE AND RICE MILLERS
ASSOCIATION CALLED ON GEORGE WHITE, ACTING ASSISTANT
ADMINISTRATOR, USDA, WILLIAM GEIMER, DEPUTY ASSISTANT
SECRETARY OF STATE AND MORTON POMERANZ, STR, TO ASK

ASSISTANCE OF USG IN OBTAINING REMOVAL OF THE 15 PERCENT IMPORT SURCHARGE AS IMPOSED ON MILLED RICE. THE TRADE IS CONCERNED THAT SINCE BROWN, PARBOILED AND MILLED RICE ENTER AT SAME DUTY RATE, THE APPLICATION OF THE SURCHARGE ON ONLY MILLED RICE WHICH IS UNBOUND, RESULTS IN A PRICE DISADVANTAGE VIS-A-VIS BOTH BROWN AND PARBOILED, TO WHICH SURCHARGE IS NOT APPLIED DUE TO GATT BINDING.

2. RICE TRADE RECOGNIZES SOUTH AFRICA'S DISTINCTION BETWEEN GATT BOUND AND UNBOUND ITEMS IN ITS APPLICATION OF SURCHARGE. HOWEVER, THEY POINT OUT COMMODITY INVOLVED IS A STAPLE IN DIET OF LARGE SEGMENT OF SA POPULATION. TRADE REPRESENTATIVES ALSO POINTED OUT THEIR 17 YEAR RELATIONSHIP WITH LARGE NUMBER OF WHOLESALE GROCERS

IN THE DURBAN AREA THAT DEPEND ON US AS THEIR PRIMARY SUPPLIER WITH THE PROBABLE LOSS OF TRADE BECAUSE OF SUBSTANTIAL INEVITABLE PRICE INCREASE SURCHARGE WILL CAUSE.

3. IN LIGHT OF POINTS MADE IN MEETING WITH THE RICE TRADE, US OFFICIALS SAID EMBASSY WOULD BE REQUESTED TO MAKE APPROPRIATE REPRESENTATIONS TO SAG OFFICIALS IN EFFORT TO SEEK PROMPT REMOVAL OF SURCHARGE. THEY WERE INFORMED THAT IT MIGHT BE DIFFICULT TO OBTAIN SPECIFIC RESULTS SINCE THE SURCHARGE IS SAID TO APPLY TO ONLY THOSE ITEMS NOT GATT BOUND.

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4. FYI ONLY: AT IMF EXECUTIVE BOARD MEETING MAY 6 SEVERAL EXECUTIVE DIRECTORS (INCLUDING US) STRONGLY CRITICIZED SAG FOR IMPOSING SURCHARGE IMMEDIATELY AFTER WITHDRAWAL OF I.D.S. DIRECTORS OBSERVED THAT DESPITE SAG ASSERTION SURCHARGE IS A REVENUE MEASURE, IS ON NONBOUND ITEMS AND WILL BE REMOVED WHEN THE SALES TAX IS IMPLEMENTED, IT IS TRADE RESTRICTIVE AND SHOULD BE WITHDRAWN. IMF STAFF REPORT WAS AMENDED TO URGE REMOVAL OF SURCHARGE IN ONE YEAR OR LESS, IF POSSIBLE. END FYI.

ACTION REQUESTED

1. PLEASE VERIFY THAT BTN NO. 10.06.90.10 MILLED RICE IS UNBOUND, THAT BTN NO. 10.06.20 BROWN RICE IS BOUND UNDER GATT AND THAT APPLICATION OF SURCHARGE IS ACTUALLY LIMITED TO UNBOUND ITEMS.

2. PLEASE MAKE REPRESENTATION TO APPROPRIATE SAG

OFFICIALS NOTING US CONCERN WITH INTRODUCTION OF SUR-
CHARGE SO SOON AFTER LAUDABLE TERMINATION OF IDS IN
FEBRUARY. AN EXAMPLE OF PROBLEMS WHICH ARISE IS
DISCRIMINATORY TRADE EFFECT ON CERTAIN US RICE
EXPORTS, AN IMPORTANT FOOD ITEM POSSIBLY INADVERTANTLY
INCLUDED. WE HOPE SAG WILL FIND IT POSSIBLE TO REMOVE
TEMPORARY SURCHARGE AS EARLY AS POSSIBLE THIS FISCAL
YEAR. WE WOULD ALSO APPRECIATE INFORMATION ON HOW
SAG INTENDS TO TREAT MATTER IN GATT.

CHRISTOPHER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CUSTOMS DUTIES, IMPORTS, RICE
Control Number: n/a
Copy: SINGLE
Sent Date: 13-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
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Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770560/aaaabzgi.tel
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Litigation History:
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TAGS: EFIN, SF
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